

1. The meeting was called to order at 6:00 pm.
2. The Pledge of Allegiance was led by Harold Merritt.
3. Roll Call: Neil Duncan, Jack Davis, and Harold Merritt were present. Mayor Moser and Kevin Sair were excused. Kevin Sair participated by phone during item #9. Dale Harris was present. Nathan Bronemann took minutes. Legal Counsel was excused. Rod Mills of Ensign Engineering was present.
4. Declarations of conflict of interests

Harold Merritt declared a conflict with agenda item #9 as a part owner of Plains, LLC.

5. Discussion and possible action on hiring a part-time laborer

Neil Duncan said that after interviewing the candidates he recommended hiring Norm Prentice as a part-time laborer.

Motion made by Neil Duncan to approve hiring Norm Prentice as a part-time laborer. Jack Davis seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Harold Merritt-yes. The motion passed 3/0.

6. Acquisitions – Harold Merritt

Nothing to report.

7. Funding – Kevin Sair

Jack Davis asked why the board was not consulted prior to the USDA agreement taking place. He said he was under the impression that the \$4.4 million had already been approved.

Rod Mills said the conversation didn't start until Monday afternoon. He said the \$3.175 million from the State has been approved and has been awarded. He said they would be evaluating the existing wells to decide whether to rehabilitate them or to go another route. He said that expense would come out of the remainder to the State funds. He said that if they have any projects remaining unfinished after the end of the year, the first payment due would be pushed back one year. So, he said they would ensure there would be projects outstanding.

He said the second component of funding would come from the USDA Rural Development. He said that he had just been notified that as of August 9<sup>th</sup>, 2013, all of the USDA funding would go back to a federal pool. He said that last Friday, around noon, Rural Development notified Mr. Mills that the District no longer qualified for the planned \$4.4 million. He said that over the weekend he revised the plans and met with the USDA Rural Development Monday at 9:00 am. He said that he was given an ultimatum to take the funding or to walk away. He said he made the decision to move the funding package forward. He said the board of the District could still decide otherwise.

He said that in the discussion on Monday, they discussed the 2010 Census where the mean income for the area was calculated at over \$50,000, instead of around \$36,000 where it is actually at. He said that with the currently proposed funding package, the District could contest that mean income figure in the future to be eligible for additional funding. In order to contest that figure, the District would have to pay to have a door to door survey conducted.

Jack Davis asked about the planned million gallon tank.

Rod Mills said that with the decrease in funding, the tank would likely only be 300,000 gallons. He said that would handle Apple Valley's current requirements. He said that if the board chose to accept the current funding package from the USDA Rural Development in the amount of \$2,364,000, the funds would be obligated by tomorrow.

Rod Mills explained that there were two resolutions, one being part of the loan package and one being the District's resolution accepting the loan terms. He said that after the funds were obligated, the actual commencement of work was likely a couple months out.

Harold Merritt requested that the entire scope of the project be ready to present to the board in the next board meeting.

Rod Mills said he should be able to have that ready.

- a. Review letter of conditions for USDA Rural Development loan package

Rod Mills read the Rural Development resolution.

Motion made by Harold Merritt to adopt the Rural Development resolution. Jack Davis seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Harold Merritt-yes. The motion passed 3/0.

- b. Discussion and action on Resolution 2013-02 approving USDA loan

Harold Merritt read the resolution.

Motion made by Harold Merritt to adopt Resolution 2013-02. Jack Davis seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Harold Merritt-yes. The motion passed 3/0.

Motion made by Jack Davis to authorize the Chairman to sign all additional required forms to accept the loan terms. Neil Duncan seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Harold Merritt-yes. The motion passed 3/0.

#### 8. Operations – Neil Duncan

Neil Duncan said he was concerned about getting backup wells functioning.

#### 9. Resource Management – Mayor Moser

- a. Discussion and action on taking over the lease of two State well sites and one tank site from Plains, LLC

Kevin Sair called to participate in this item.

Motion made by Jack Davis to take over the lease of the State well sites and tank site from Plains, LLC. Neil Duncan seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Harold Merritt-abstain, Kevin Sair-yes. The motion passed 3/0 with one abstention.

#### 10. Development – Jack Davis

Jack Davis said the Jepson Canyon Resort, Desert Rose, and the conditional use permit on the group home were still pending.

11. Review of Policies and Procedures

- a. Discussion and action on proposed Rules and Regulations (Policies and Procedures) changes

Harold Merritt explained that they had added a section stating that those individuals required to pay a standby fee for their lots would be exempted from future water impact fees when they build. He said the fee structure was also included.

Motion made by Harold Merritt to accept changes to the Rules and Regulations (Policies and Procedures). Jack Davis seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Harold Merritt-yes. The motion passed 3/0.

12. Sewer

- a. Discussion and possible action on Town/District sewer policy

Rod Mills said there would be discussion the master plan including the sewer plans of the Jepson Canyon resort.

13. Consent Calendar - Income and Expenses

Jack Davis asked about the pump in Cedar Point.

Dale Harris said the pump was back and working, but that it was cavitating, and he didn't want to run it until they had amperage telemetry.

Motion made by Neil Duncan to adopt the consent calendar. Jack Davis seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Harold Merritt-yes. The motion passed 3/0.

14. Consider approval of minutes:

- a. July 17, 2013 Regular Meeting Minutes

Motion made by Jack Davis to approve the July 17, 2013 regular meeting minutes. Neil Duncan seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Harold Merritt-yes. The motion passed 3/0.

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Erik Alkema reported that they had been trying to obtain an easement with their neighbors. He said that their requests had been unreasonable.

Amy Alkema said they were looking at other options. She asked Rod Mills what their options were.

Rod Mills said that they could obtain an easement from UDOT to extend the system. He said that would be the only other option. He said they would like to just run a service line to the Alkema property.

Dale Harris said UDOT would not allow an easement unless it was to extend the system, and not for a small private line.

Rod Mills said those were the only two options legally available to them.

Erik Alkema said there were usually setbacks recorded to allow for water lines.

Rod Mills said there were no legal instruments to allow them to cross the neighbor's property.

Harold Merritt suggested that they discuss the matter with legal council and see if there were any other alternatives and return next meeting to review.

15. Request for a closed session  
None requested.

16. Adjournment

Motion made by Jack Davis to adjourn the meeting. Neil Duncan seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Harold Merritt-yes. The motion passed 3/0.

Meeting adjourned at approximately 7:15 PM.

Date approved: \_\_\_\_\_

ATTEST BY: \_\_\_\_\_  
Nathan Bronemann

\_\_\_\_\_  
Chairman Harold Merritt